

Accountancy Board of Ohio
State of Ohio
Public Meeting Minutes of July 8, 2022
Conference Room 1948, 19th Floor, Vern Riffe Center
77 South High Street, Columbus, Ohio 43215

The Accountancy Board of Ohio (Board) held a meeting on June 8, 2022, at 10:00 am in Conference Room 1948, on the 19th floor of the Vern Riffe Center for Government and the Arts, 77 South High Street, Columbus.

ATTENDANCE

The Accountancy Board of Ohio (Board) met in person. The following were present:

Board Members:

Gerald P. Weinstein, CPA, Chair
Brendan P. Fitzgerald, CPA, Vice-Chair
Richard (Scott) Blake, Public Member, Secretary
Kenya Y. Watts, CPA, Immediate Past-Chair
John E. Soucie, CPA, Member
Louise A. Jackson, CPA, Member
Jillian S. Brown, CPA, Member
Janice L. Culver, CPA, Member

Board member Megan Durst, CPA was not in attendance.

Board Staff:

John E. Patterson, Executive Director
Tracey F. Fithen, Assistant Executive Director
Donna M. Oklok, Investigations Supervisor
Charlene Nortey, Investigator
Sarah J. Sarnowski, Investigator
Richelle Johnson, Information Administrator
Eythan J. Gregory, Esq, Ohio Assistant Attorney General

Guests:

Barbara Benton, Vice President- Government Affairs, OSCPA

CALL TO ORDER

Mr. Weinstein called the meeting to order at 10:00 a.m. and welcomed the guests in the audience. The Pledge of Allegiance was recited.

FORMAL HEARINGS

FORMAL HEARING: Kimberly A. Spates/Spates Accounting & Tax Services (CASE NO: CO2021-16861)

Mr. Weinstein opened a formal disciplinary hearing at 10:02 am pursuant to Chapter 119 of the Revised Code. This hearing was requested by Ms. Spates who was in attendance. The Board charged Ms. Spates

with a violation of 4701.16(A)(4) for a violation of a rule of professional conduct promulgated by the board, specifically 4701-11-07 Board Communications and 4701-13-06 Peer Review Program Standards.

Mr. Gregory provided an opening statement.

Ms. Spates provided an opening statement.

Mr. Gregory called Board Investigator, Sarah Sarnowski, to testify to the accuracy of the records of the Board.

Mr. Gregory introduced State's Exhibit; Exhibit A, pages 1-28, into the record.

Ms. Sarnowski was questioned by Mr. Gregory.

Ms. Spates was sworn in and then testified.

The Board questioned Ms. Spates.

Mr. Gregory provided a closing argument.

Ms. Spates provided a closing argument.

The Board admitted all exhibits into evidence.

Mr. Weinstein concluded the hearing.

FORMAL HEARING: Donald L. Sullivan/Donald Sullivan CPA (CASE NO: CO2022-1583)

Mr. Weinstein opened a formal disciplinary hearing at 10:26 am pursuant to Chapter 119 of the Revised Code. Mr. Sullivan requested a hearing; however, he was not present. The Board charged Donald L. Sullivan/Donald Sullivan CPA. with a violation of 4701.16 (A)(4), (9) and (11) of the Ohio Revised Code for violation of a rule of professional conduct promulgated by the Board under the authority granted by this chapter, specifically 4701-7-04 Practice of Public Accounting and Regulated Services and 4701-11-07 Board Communications; failure of a holder of a CPA certificate or PA registration to obtain an Ohio permit or an Ohio registration, or the failure of a public accounting firm to obtain a firm registration; and failure of a public accounting firm to comply with section 4701.04 of the Revised Code.

Mr. Gregory made an opening statement.

Mr. Gregory called Board Investigator, Sarah Sarnowski, to testify to the accuracy of the records of the Board. Mr. Gregory then introduced State's Exhibit: Exhibit A, pages 1-26.

Ms. Sarnowski was questioned by the Board.

The Board admitted all exhibits into evidence.

Mr. Gregory provided a closing argument.

Mr. Weinstein concluded the hearing.

FORMAL HEARING: Janeen G. Smith-Hughes (CASE NO: CO2021-20359)

Mr. Weinstein opened a formal disciplinary hearing at 10:40 am pursuant to Chapter 119 of the Revised Code. This hearing was requested by Ms. Smith-Hughes who was in attendance. The Board charged Ms. Smith-Hughes with a violation of 4701.16(A)(3) and (4) of the Revised Code, concerning violation of section 4701.14 of the Revised Code (unlawful practice) and violation of a rule of professional conduct promulgated by the board under the authority granted by this chapter, specifically; 4701-15-12 Continuing Education Verification.

Mr. Gregory provided an opening statement.

Ms. Smith-Hughes was sworn in.

Ms. Smith-Hughes provided an opening statement.

Mr. Gregory called Board Investigator, Sarah Sarnowski, to testify to the accuracy of the records of the Board.

Ms. Sarnowski was questioned by Mr. Gregory.

Mr. Gregory introduced State's Exhibit; Exhibit A, pages 1-32, into the record.

Ms. Smith-Hughes testified.

The Board questioned Ms. Smith-Hughes.

Mr. Gregory provided a closing argument.

The Board admitted all exhibits into evidence.

Mr. Weinstein concluded the hearing.

FORMAL HEARING: Robert G. Callan (CASE NO: CO2022-1021)

Mr. Weinstein opened a formal disciplinary hearing at 11:12 am pursuant to Chapter 119 of the Revised Code. This hearing was requested by Mr. Callan, who was not in attendance. The Board charged Mr. Callan with a violation of 4701.16(A)(4) for violation of a rule of professional conduct promulgated by the Board under the authority granted by this chapter, specifically 4701-15-12.

Mr. Gregory provided an opening statement.

Mr. Gregory called Board Investigator, Sarah Sarnowski, to testify to the accuracy of the records of the Board. Mr. Gregory then introduced State's Exhibit: Exhibit A, pages 1-40.

Ms. Sarnowski was questioned by the Board.

The Board admitted all exhibits into evidence.

Mr. Gregory provided a closing argument.

Mr. Weinstein concluded the hearing.

FORMAL HEARING: Edward Malecki/Malecki & Company (CASE NO: CO2022-1502/-1594)-Goldman

Mr. Weinstein opened a formal disciplinary hearing at 11:32 am pursuant to Chapter 119 of the Revised Code. Mr. Malecki did not request a hearing, nor was he in attendance. The Board charged Mr. Malecki with a violation of 4701.16(A) (4), (9), (11) for violation of a rule of professional conduct promulgated by the Board under the authority granted by this chapter, specifically 4701-7-04 Practice of Public Accounting and Regulated Services and 4701-11-09(C)(10) Acts Discreditable: Failing to File a Tax Return or Failing to Remit Taxes Collected on Behalf of Others in a Timely Manner; failure of a holder of a CPA certificate or PA registration to obtain an Ohio permit or an Ohio registration, or the failure of a public accounting firm to obtain a firm registration; and failure of a public accounting firm to comply with section 4701.04 of the Revised Code.

Mr. Gregory provided an opening statement.

Mr. Gregory called Board Investigator, Sarah Sarnowski, to testify to the accuracy of the records of the Board. Mr. Gregory then introduced State's Exhibits: Exhibit A, pages 1-22; and Exhibit B, pages 1-77.

Ms. Sarnowski was questioned by the Board.

The Board admitted all exhibits into evidence.

Mr. Gregory provided a closing argument.

Mr. Weinstein concluded the hearing.

REINSTATEMENT HEARING: Tammy S. Beard (CASE NO: CO2022-3288)

Mr. Weinstein inquired with Mr. Gregory and Mr. Patterson regarding the need to hold a formal hearing for Ms. Beard given she failed to appear. Mr. Gregory stated the Board may act based on the available facts.

Mr. Weinstein concluded the hearing.

REQUESTS FOR WAIVER

RAJENDRA PANDEY, CPA

Mr. Pandey requested a waiver of the \$600 late filing fee, due to not renewing his permit before the renewal deadline.

REQUEST FOR RECONSIDERATION

Mr. Patterson stated Christina LaFelice requested an examination extension.

Ms. LaFelice began taking the CPA exam in November 2017. Ms. LaFelice passed one section of the exam, while waiting on the grade for the second section. During this time, the third section of the exam expired. The audit section expired June 30, 2022.

Ms. LaFelice did not request an extension of the audit section until July 4, 2022.

A roll call vote to deny the exam extension request occurred.

The roll call vote passed to deny the exam extension, 8-0.

QUASI-JUDICIAL DELIBERATIONS

Mr. Weinstein introduced a motion to enter quasi-judicial deliberations to discuss formal hearings and request for waiver of late fees. Mr. Blake made the motion. This motion was seconded by Ms. Jackson. A roll call vote was held, and the motion passed 8-0. After deliberations, the Board returned to general session.

HEARING DECISIONS

FORMAL HEARING: Kimberly A. Spates/Spates Accounting & Tax Services (CASE NO: CO2021-16861)

Upon the motion by Mr. Blake and seconded by Ms. Watts, the Board voted to revoke the CPA permit of Ms. Spates and the firm registration of Spates Accounting & Tax Services. Ms. Spates can apply for reinstatement upon submission of documentation of completion of all corrective actions related to the peer review at issue.

Motion carried 8-0 on a roll call vote.

FORMAL HEARING: Donald L. Sullivan/Donald Sullivan CPA (CASE NO: CO2022-1583)

Upon the motion by Mr. Blake and seconded by Mr. Soucie, the Board voted to revoke Mr. Sullivan's CPA permit and firm registration.

Motion carried 8-0 on a roll call vote.

FORMAL HEARING: Janeen G. Smith-Hughes (CASE NO: CO2021-20359)

Upon the motion by Mr. Blake and seconded by Mr. Fitzgerald, the Board voted to revoke the CPA permit of Janeen G. Smith-Hughes.

Motion carried 7-0 on a roll call vote, with 1 abstention.

FORMAL HEARING: Robert G. Callan (CASE NO: CO2022-1021)

Upon the motion by Mr. Blake and seconded by Ms. Brown, the Board voted to revoke the CPA permit of Robert G. Callan.

Motion carried 8-0 on a roll call vote.

FORMAL HEARING: Edward Malecki/Malecki & Company (CASE NO: CO2022-1502/-1594)-Goldman

Upon the motion by Mr. Blake and seconded by Mr. Fitzgerald, the Board voted to revoke the CPA permit of Mr. Malecki and the firm registration of Malecki & Company.

Motion carried 8-0 on a roll call vote.

REINSTATEMENT HEARING: Tammy S. Beard (CASE NO: CO2022-3288)

Upon the motion by Mr. Blake and seconded by Mr. Fitzgerald, the Board voted to take no action pertaining the reinstatement of Ms. Beard's Ohio CPA permit.

Motion carried 8-0 on a roll call vote.

SUMMARY OF WAIVER REQUESTS

Upon the motion by Mr. Blake and seconded by Ms. Watts, the Board voted to deny the request for waiver for Mr. Pandey.

Motion carried 8-0 on a roll call vote.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson discussed the need to increase revenue in the next budget. A rule to increase firm registrations fees will be initiated the day after the election, along with a request to increase permit fees. These fee increases will cover increases in office rent, office equipment, eLicense fees, etc. There has not been much expenditure on maintaining the office, aside from office equipment.

The firm registration fee will increase based on the number of CPAs employed at the firm. The permit fee increase is to be determined, but Mr. Patterson stated a small increase of five to ten dollars has more chance of being approved.

There was a discussion on the disposition of CPAs performing public accounting services in the state of Ohio. Currently, CPA living and/or working in Ohio must be licensed as a CPA in Ohio. Given the increase in remote work, there is a need to look at this requirement and discuss a potential change. Mr. Patterson does not believe that such CPAs can state he/she practices in Ohio, however, Mr. Gregory will review the

matter. Ms. Oklok stated that discussion at the most recent NASBA regional meeting addressed this issue, with NASBA recommending states begin by adopting the Uniform Accountancy Act (UAA) definition of principal place of business and considering if their rules should be updated. NASBA plans to issue guidance by the end of the year.

INFORMATION REPORTS AND UPDATES

BUDGET/FINANCIAL

Ms. Fithen stated the new fiscal year 2023 began as of July 1, 2022 and fiscal year 2022 has been closed.

EDUCATION ASSISTANCE REPORT

Ms. Fithen stated the 4th quarter transfer of scholarship fees was made for a total transfer in fiscal year 2022 of \$315,570.

To date, an amount of \$32,000 was returned from students who did not sit for the CPA exam within the two-year timeframe.

The scholarship fund program was discussed.

Mr. Patterson stated a rule was passed which requires students to take accounting and/or business - related courses, to qualify for the scholarship funds.

No scholarship funds were dispensed during the past quarter of fiscal year 2022.

RULES UPDATES

Ms. Oklok stated Rule 4701-7-01 and Rules 4701-11-07 went into effect on July 1, 2022.

Ms. Oklok briefly discussed the reporting information via YouTube.

INVESTIGATIONS REPORT

Ms. Oklok stated several cease-and-desist notices were sent to licensees with expired permits who were also holding out. Several licensees have complied, although not many have renewed their permits. The volume of cease-and-desist notices has increased, compared to the past.

APPROVAL OF JUNE 10, 2022 BOARD MEETING MINUTES

Ms. Jackson moved to approve the June 10, 2022 Board meeting minutes, which was seconded by Mr. Blake. Motion carried 8-0 on a roll call vote.

OLD BUSINESS

STATUS OF PAST HEARINGS

Mr. Gregory reported that there are no pending appeals.

NEW BUSINESS

None.

CHAIR'S REPORT

FINANCE AND AUDIT COMMITTEE

The committee did not meet, as there were no matters to discuss.

EDUCATION ASSISTANCE COMMITTEE

Scholarship funds are available. The amount of scholarship funds given to students have decreased within the past two years.

Mr. Patterson stated that the committee meetings are placed on the agenda to provide an opportunity for the committee to meet and bring any matters before the Board, rather than going long periods of time pass without the committee appearing on the meeting agenda.

SUMMARY OF BOARD REQUESTS

Mr. Patterson stated Ms. Oklok will contact Ms. Spates and Ms. Smith Hughes pertaining to the process of reinstatement of their Ohio CPA permits.

Reinstatement can occur once conditions of the Board's Orders have been met.

ADJOURNMENT

Mr. Weinstein requested a motion to adjourn. Motion to adjourn was moved by Mr. Fitzgerald and seconded by Ms. Watts, the Board voted to adjourn at 1:53 pm.

Motion carried 8-0.

Gerald P. Weinstein, Chair

Richard (Scott) Blake, Secretary